

## Message Text

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64

ACTION L-03

INFO OCT-01 ARA-06 ISO-00 TRSE-00 CIEP-01 CEA-01 EB-07

COME-00 SP-02 INR-07 INT-05 CIAE-00 DODE-00 NSAE-00

PA-01 USIA-06 PRS-01 /041 W  
----- 057998

P R 121950Z FEB 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC PRIORITY 8812

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

C O N F I D E N T I A L LIMA 1390

DEPT FOR ARA - MR. FISHLOW; L/ARA - MR. GANTZ

E.O. 11652: GDS

TAGS: EIND, BDIS, EINV, PFOR, PE

SUBJECT: MARCONA - FREIGHT CONTRACT PROBLEMS - ARGENTINA/  
ORE SALES TO VENEZUELA/PRICE-WATERHOUSE AUDIT

REF: STATE 33743, LIMA 1152, LIMA 902, LIMA 568 (NOTAL)

1. ON FEBRUARY 9 COMMERCE MINISTER ARIAS GRAZIANI ANNOUNCED THAT PERU WILL SELL ONE MILLION METRIC TONS OF IRON ORE TO VENEZUELA DURING 1976-1977. ACCORDING TO PRESS ACCOUNTS, THE MINISTER STATED THAT "THIS IS THE MOST IMPORTANT SALE SINCE THE NATIONALIZATION OF MARCONA." MINPECO OFFICIAL HAS CONFIRMED TO EMBASSY OFFICER THAT VENEZUELA SALES AGREEMENT HAS BEEN SIGNED AND THAT ORE SHIPMENTS WILL BEGIN IN MARCH. OFFICIAL EXPLAINED THAT PERU IS FORTUNATE TO HAVE MADE THE SALE SINCE VENEZUELA NORMALLY DOES NOT IMPORT IRON ORE. HE NOTED THAT VENEZUELA IS NOW BUILDING A NEW INSTALLATION TO MAKE "SPONGE IRON" FROM PELLETS AND UNTIL THE INSTALLATION IS COMPLETED VENEZUELA WILL NEED TO IMPORT ORE. OFFICIAL SAID THAT SHIPMENTS WILL BE MADE ABOARD SMALL SHIPS SINCE THE ORE IS DESTINED TO BE DELIVERED UP THE ORINOCO RIVER. HE ALSO SAID THAT  
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MARCONA NEVER SHIPPED ORE TO VENEZUELA AND THEREFORE

IS NOT COVERED UNDER THE DECEMBER 11 INTERIM AGREEMENT. FINALLY, CENTRAL BANK OFFICIAL TOLD US INDEPENDENTLY THAT ORE SALES AGREEMENT IS NOT CONNECTED TO RECENT PURCHASES OF VENEZUELAN OIL (LIMA 1199).

2. REGARDING ORE SHIPMENTS TO ARGENTINA, EMBASSY IS DELIVERING LETTERS TO MARCHAND AND RUIZ DE CASTILLA PER STATE REFTEL BUT DOUBTS THAT PERUVIANS ARE PREPARED TO ACCEPT MARCONA AS ORE CARRIER, PARTICULARLY SINCE ARIAS LEFT LIMA LAST NIGHT FOR BUENOS AIRES, REPORTEDLY TO SIGN BILATERAL CONTRACT WITH GOA FOR THE SALE OF PERUVIAN MINERALS INCLUDING IRON. DURING PRESS CONFERENCE PRIOR TO DEPARTURE, ARIAS GRAZIANI SAID THAT THE BILATERAL CONTRACT WOULD BE FOR SALE OF MINERALS DURING TWO-THREE YEAR PERIOD AND THAT SPECIFIC DETAILS AND PRICES WOULD BE WORKED OUT IN BUENOS AIRES. THE MINISTER ADDED THAT PERU HOPES TO INCREASE ITS BILATERAL TRADE WITH ARGENTINA, NOT ONLY WITH REGARD TO IRON BUT OTHER MINERALS AS WELL.

3. ON RELATED SUBJECT, PRICE WATERHOUSE MANAGER INFORMED EMBASSY OFFICERS THAT AUDIT BEGAN LAST WEEK, BUT THAT HE REMAINS SKEPTICAL THAT IT CAN BE COMPLETED PRIOR TO END OF MARCH AT THE EARLIEST.

4. FOR INFO ADDRESSEES: WE WOULD APPRECIATE REPORTS ON RESPECTIVE SALES AGREEMENTS AS DEVELOPMENTS WARRANT.  
DEAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**TAGS:** EIND, BDIS, EINV, PFOR, PE, VE, AR, MARCONA  
**To:** STATE  
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